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BY THE SENATE, MARCH 1, 1856.

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By order,

C. HARWOOD, Secretary.

REPORT

OF THE

Joint Committee

OF THE

SENATE AND HOUSE OF DELEGATES,

RELATIVE TO THE SINKING FUND.

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REPORT.

To the Honorable

The General Assembly of Maryland:

The Joint Committee appointed to make certain inquiries relative to the Sinking Fund,

REPORT:

That in the discharge of the duties assigned them, they submitted to the Treasurer of Maryland the following interrogatories, which they herewith present, with his replies:

1st Interrogatory.—What is the present amount of the "Sinking Fund," and what is the discription of the Stocks held by you as Agent of said Fund?

Answer.—The amount of the Sinking Fund, on this 26th February, eighteen hundred and fifty-six, is three millions five hundred and thirty-seven thousand eight hundred and fifty-five dollars and thirty-five cents, ($3,537,855.35,) and consists of the following Stocks of the State of Maryland, with the amount of each, respectively, viz:

3½ per cent.	State	Stock.....	$159,000 00
4½	do.	do.....	22,499 96
5	do.	do.....	2,462,435 59
6	do.	do.....	893,919 80
			$3,537,855 35

2d Interrogatory.—What is the present condition of the Bonds (with the Coupons,) and Certificates of Debt issued by the State of Maryland, and held by you as Agent of the Sinking Fund?

Answer.—The Bonds and Certificates which are purchased for the Sinking Fund, are immediately transferred to the Treasurer as "Agent" for the Fund. They are then cancelled, by being cut or otherwise mutilated, and they (together with the Certificates which are issued in lieu of them,) are handed over to the Joint Committee of the two Houses, which is appointed at each Session to receipt for, examine, count and burn them, with such Coupons as shall have been received by the Treasurer from the Agents of the State, who pay the interest on the Public Debt.

The answer to the first Interrogatory fully explains the present condition of the Sinking Fund, and particularly the description of the Public Stocks issued by the State of Maryland, and now held by the Treasurer as the Agent of that Fund.

It will be seen by the answer to the second Interrogatory, that the Bonds, with the Coupons and Certificates of Debt purchased by his predecessors, have been carefully registered and then burnt by the Committees appointed from time to time by the Legislature for that purpose, with the exception of such Bonds, with the Coupons, as have been purchased during the last four years. These remain in the hands of the Treasurer, (cancelled,) waiting the action of the Legislature.

Upon an examination of the Books of the Treasury, the Committee are satisfied that such entries and registrations have been made as will clearly exhibit the condition and character of the "Sinking Fund," and effectually guard the State against misuse or misapplication.

It appears, from an examination of the various descriptions of Public Debt held by the Treasurer as Agent of the "Sinking Fund," that portions of over-due Certificates are thus held. This has occurred from the Treasurer having (when a loan was called in for redemption,) redeemed only that portion of it which was outstanding, leaving the portion held by the "Sinking Fund" unredeemed.

This state of the case raises the question, whether the interest of the State would not be promoted by authorising the Treasurer, in his discretion, to use any surplus in his hands, after the application of one hundred thousand dollars, as now directed by law, to the payment of over-due Stock now held by the "Sinking Fund," and apply the proceeds to the purchase of Bonds outstanding, but not due, to be substituted for over-due Certificates now held for the benefit of the Fund.

The Committee consider the purchase of over-due Stock as of doubtful policy, as long as there remain out Bonds having many years to run before maturity. When the over-dues (for which the State can never be liable for more than their par value,) are called in and liquidated, the "Agent" of the Fund will be thrown exclusively upon Bonds outstanding and not due, and held as investments. In this emergency it is certain that the present holders of such Bonds will place a high estimate upon them, not only because of their value, but because they will bear, to some extent, the character of a preferred Stock, being the only Stock authorised to be purchased for the use of the "Sinking Fund."

The Committee do not consider it necessary to extend this Report. They recommend, and herewith submit for the consideration of the General Assembly, a law to provide for carrying out the foregoing suggestions.

W. B. Tyler,
S. Owings Hoffman,
George Schley,
} Committee of the Senate.

E. J. Hall,
Wm. D. Bowie,
} Committee of the H. of Delegates.

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